



Alaska Department of Transportation & Public Facilities

Ted Stevens Anchorage International Airport

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Airport Manager**

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3 main points

- Alaska International Airport System (AIAS)
- Alaska Advantage
- Future Business Opportunities



Alaska International Airport System

**Purpose :
To Keep Alaska Flying and Thriving**

AeroNexus



Two Airports – One System



Ted Stevens Anchorage
International Airport

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**Alaska
International
Airport System
(AIAS)**

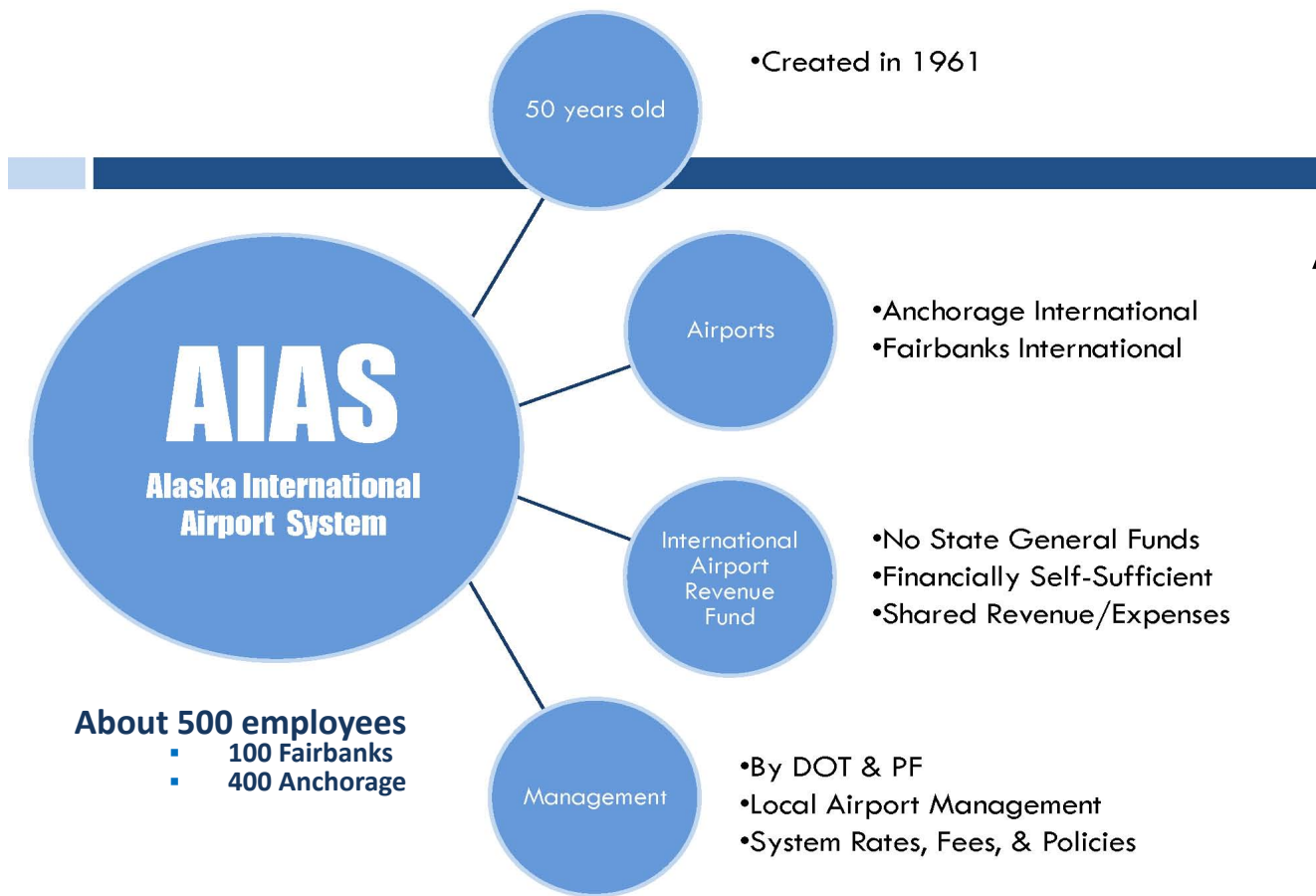


Fairbanks
International Airport

**Created Fifty Years ago by
Ch88 SLA 1961 – (AS
37.15.410–550)**



Self-Sustaining



Alaska's largest
Enterprise Fund

Funded by user
fees not State
General Funds
(small PERS contribution)



Economic Engine

Anchorage

- 15,577 Jobs – one in ten jobs
- About \$724 million in direct annual payroll
- Another \$303 million in annual payroll for jobs in the community

*Source: 2011 McDowell Group Study

Fairbanks

- 1,900 Jobs – one in twenty jobs
- \$225 million in economic output
- Ranked 85th in the nation in weight of total mail and freight (2010)

*Source: 2011 Alaska Aviation System Plan Study



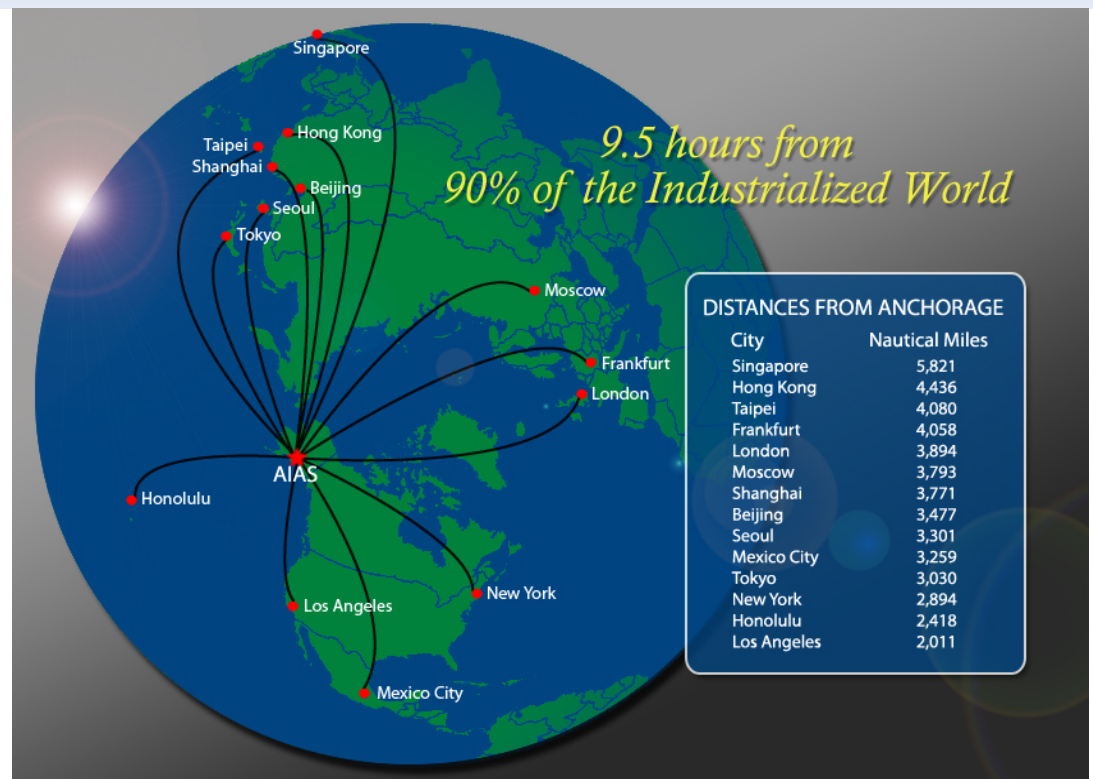
Alaska International Airport System

The Alaska Advantage



Location and Two Airports

- 9.5 hours from 90% of Industrialized World
- Never a same day closure (except +/- 10 minutes diversion Trans-Pac)





Payload Versus Range

747-8F Example:

PVG-ANC-ORD

Distance = 7,150 miles

Payload = 295,000 lb

134,090 kg

At \$1.00/LB

PVG-ANC-ORD = \$295,000

PVG - ORD = \$170,000

PVG-ORD direct

Distance = 7,050 miles

Payload = 170,000 lb

77,273 kg

ANC Stop = + \$125,000



US/Global rankings

Rank	City	Weight (Metric tons)
1	Memphis	3,916,811
2	Anchorage	2,646,695
3	Louisville	2,166,656
4	Miami	1,835,797
5	Los Angeles	1,747,629
6	Chicago	1,376,552
7	New York	1,344,126
8	Indianapolis	1,012,589
9	Newark	855,594
10	Atlanta	659,129

Rank	City	Weight (Metric tons)
1	Hong Kong	4,165,852
2	Memphis	3,916,811
3	Shanghai	3,228,081
4	Incheon	2,684,499
5	Anchorage	2,646,695
6	Paris	2,399,067
7	Frankfurt	2,275,000
8	Dubai	2,270,498
9	Tokyo	2,167,853
10	Louisville	2,166,656

Data from Airports Council International



Large and Diverse Customer Base





Asia Centric Cargo Market

- Over 99% of cargo through AIAS -- five Asian origins (China, Taiwan, Korea, Japan, Hong Kong)
- N. America – Asia cargo through AIAS expected to grow ~ 1–2%
- 71% of all Asia-bound air cargo from U.S. goes through ANC
- 82% of all U.S.–bound air cargo from Asia goes through ANC
- All Asia–North America carriers have flights through Anchorage
- Approximately 80% of AIAS carrier generated revenue is cargo
- **Aircraft were almost ½ empty westbound in 2010**
*Source: 2011 McDowell Group Study

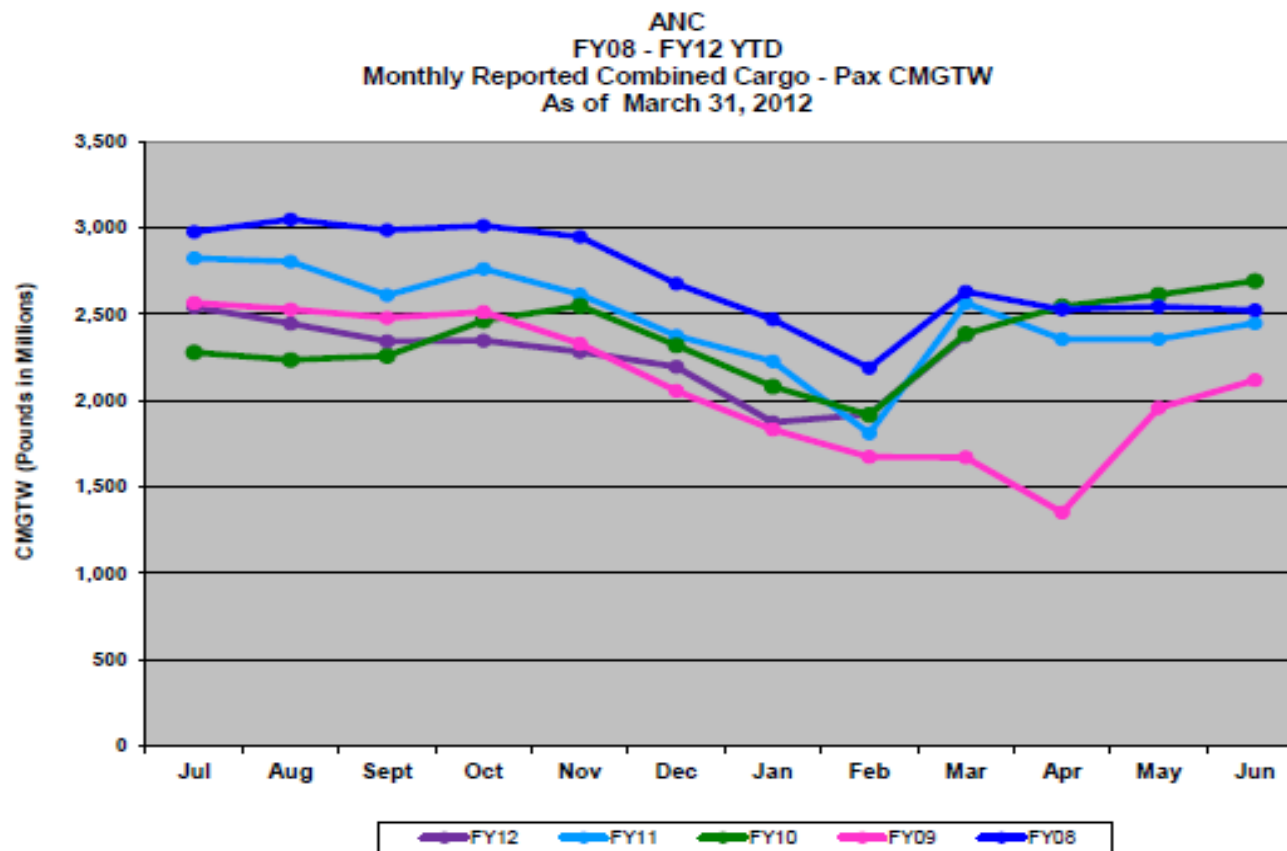


Competition

- **Portland, Seattle Vancouver, and Prince George have all visited Asia in an effort to recruit cargo.**
- **FAA prohibits airports from direct payment incentives, i.e., risk abatements. As a result, these programs are generally state or local government funded.**
- **Airports allowed to waive fees for a limited period.**
- **AIAS implemented Passenger and Cargo Incentive Program in 2011 that waives landing fees for six months for new city pairs or relocated cargo flights.**



Cargo Activity: -12% Ytd FY12





What Causes Decreased Activity?

- The global economy.....
- Other risk factors:
 - Fleet mix (passenger 777)
 - Potential competitor airports
 - Perceptions that operating at/through AIAS doesn't "pencil"
- We aggressively and collaboratively manage those factors within our control, while also proactively marketing and myth busting



Alaska International Airport System

Future



Fuel Supply

- Fuel market is entirely private
- 2009 fuel shortage caused by swift and unexpected recovery in air cargo market
- Some carriers opted to overfly AIAS lacking confidence in fuel supply
- Fuel price and supply a large part of airline routing decisions
- New suppliers entered the market
- Private industry is increasing storage
- Status today: low risk of a repeat of 2009



Preserving/Increasing Cargo Activity

- Working cooperatively with airlines
- Held Alaska Cargo Summits in 2010, 2011
- Followed up with Asia trips
 - Build relational equity and market Alaska advantages
- Comprehensive AIAS Strategic Planning in 2011
- Implemented Cargo Incentive Program



Strategic Planning & Marketing

- System planning/responses to previous management reviews
 - Strategic Plan (2011)
 - Business Plan (2012)
 - Human Resources Study (2011/12)
 - Marketing Plans / System Branding (Ongoing)
- Proactive communications
 - Work with CVB's and EDC's to strategize opportunities
 - Attend passenger and cargo conferences to promote AIAS



Master Plans

- AIAS Plan (DOWL/HNTB Team)
 - FAI Master Plan(RS&H Team)
 - ANC Master Plan (RS&H Team)



Cargo Transfer

- Alaska is unique
 - USDOT Exemptions
 - Stevens Amendment
- Unique business opportunity



Takeaways

- Two Airports – One System
- Self-sustaining – no general funds
- Business-centric: rates and fees and self-supporting bonds
- Economic engine of regional, state, and global significance
- Critical aviation enabler in our nation's most aviation-centric state
- Working cooperatively with the airlines – they shoulder the financial risk – unilateral state action puts this relationship at risk
- Aggressive strategic planning to protect and enhance our system
- Great people doing great things for our state

Integrity - Enterprising - Excellence - Respect
To Keep Alaska flying and thriving!



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- Alaska Advantage
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Thank you!

Questions?

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